

AMENDED AND RESTATED ARTICLES OF INCORPORATION

OF

ADELANTE DEVELOPMENT CENTER, INC.

ENTITY ID NUMBER 953091

The undersigned, Chief Executive Officer/President and Secretary of **ADELANTE DEVELOPMENT CENTER, INC.**, in accordance with the provisions of the New Mexico Nonprofit Act, (hereinafter referred to as the "Act"), adopt the following Amended and Restated Articles of Incorporation.

ARTICLE I

Name

The name of this Corporation is **ADELANTE DEVELOPMENT CENTER, INC.** (hereafter referred to as the "Corporation"). The entity ID Number is 953091.

ARTICLE II

Duration

The duration of this Corporation is perpetual.

ARTICLE III

Purposes and Powers

SECTION 1. Purposes. This Corporation is organized exclusively for charitable and educational purposes, including specifically:

- a. to provide services for people with disabilities and people with disadvantages which promote the ability to live and work self-sufficiently, and maximize the potential of the individual;

b. to provide services for seniors which help maintain their ability to live a full life; and

c. to operate exclusively for purposes for which a corporation may be formed under the Act, specifically charitable, religious and educational purposes; including, for such purposes, the making of distributions to and receiving contributions from, organizations that qualify as exempt organizations under Section 501(c)(3) and Section 170(c)(2) of the Internal Revenue Code of 1986 or the corresponding provisions of any future federal tax code, herein generally called "exempt purposes" including, but not restricted to, the more specific purposes enumerated herein.

SECTION 2. Powers. In furtherance and not in limitation of the objects and purposes stated, it is expressly provided the Corporation shall have the power and authority, either directly or indirectly, either alone or in conjunction with others, to perform all acts, and to exercise all powers that are necessary or proper to accomplish its purposes. It is organized for the purposes and objects to engage in any and all lawful acts and things or activities which may be necessary, useful, suitable, desirable, or proper for the furtherance, accomplishment, fostering, or attainment of any or all of the purposes for which non-profit corporations may be organized. The Corporation has also been formed to aid or assist other organizations whose activities are such as to further, accomplish, foster or attain any of such purposes under the Act or corresponding provisions of any future Act and all other Acts or laws with respect to non-profit corporations.

ARTICLE IV

Stock

This Corporation is not organized for profit and shall have no capital stock.

ARTICLE V

Restrictions

No part of the net earnings or income of the Corporation shall inure to the benefit of, or be distributed to its directors, officers, members, if any, or private individual, except that the Corporation shall be authorized and empowered to pay reasonable compensation for services rendered and to make payments and distributions in furtherance of the purposes set forth in Article III hereof. No substantial part of the activities of the Corporation shall be the carrying on of propaganda, or otherwise attempting to influence legislation. The Corporation shall not participate in or intervene in (including the publishing or distribution of statements) any political campaign on behalf of any candidate for public office. The income of the Corporation for such taxable year shall be distributed at such time and in such manner as not to be subject to tax under Section 4942 of the Internal Revenue Code. The Corporation shall not engage in any act of self-dealing (as defined in Section 4941(d) of such Code), make any investments in such manner as to subject the Corporation to tax under Section 4944 of such Code, or to make any taxable expenditures (as defined in Section 4945(d) of such Code).

ARTICLE VI

Dissolution

The Corporation may dissolve and conclude its affairs by the adoption of a resolution to dissolve by the vote of the majority of the directors in office. In the event of dissolution of the Corporation, the assets of the Corporation shall be applied and distributed as follows:

- a. All liabilities, debts and obligations of the Corporation shall be paid and discharged, or adequate provision shall be made therefor;
- b. Assets held by the Corporation upon condition requiring return, transfer or conveyance, which condition occurs by reason of the dissolution, shall be returned, transferred or conveyed in such requirement;
- c. Assets received and held by the Corporation subject to limitations permitting their use only for charitable purposes, which comply with Section 501(c)(3) of the Internal Revenue Code or corresponding section of any future federal tax code, but not held upon a condition requiring return, transfer or conveyance by reason of dissolution, shall be transferred or conveyed to one or more non-profit, domestic or foreign corporations, non-profit societies or non-profit organizations engaged in activity substantially similar to those of the dissolving corporation, pursuant to a plan of distribution adopted as provided in the Act;
- d. Other assets, if any, shall be distributed in accordance with the provisions of the Amended and Restated Articles of Incorporation or

Amended Bylaws, but in no event may any member, former member, director, former director, officer or former officer receive directly or indirectly any distribution or proportion of a distribution from any assets;

e. The balance of all money and other property received by the Corporation from any source may be distributed to such persons, non-profit societies, non-profit organizations or non-profit domestic or foreign corporations which are exempt under Section 501(c)(3) of the Internal Revenue Code and to which contributions, requests, and gifts are deductible under Sections 170(c)(2), 2055(a)(2), and 2522(a)(2) thereof, to be used exclusively for charitable purposes.

Notwithstanding any of the aforementioned provisions, upon the dissolution of the Corporation, assets shall only be distributed for one or more exempt purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code or corresponding section of any future federal tax code, or shall be distributed to the federal government or to a state or local government, for a public purpose. Any such assets not to disposed of shall be disposed of by the Court of the county in which the principal office of the Corporation is then located, exclusively for such purposes or to such organization or organizations, as said court shall determine, which are organized and operated exclusively for such purposes.

ARTICLE VII

Registered Office and Registered Agent

The address of the registered office of the Corporation is 3900 Osuna Road NE, Albuquerque, New Mexico 87109. The name of the registered agent of this Corporation at that address is Mike Kivitz.

ARTICLE VIII

Board of Directors

The affairs of the Corporation shall be conducted and managed by a Board of Directors composed and managed by a Board of Directors composed of not less than three (3), nor more than twenty-one (21) directors as established by the Amended Bylaws, to be elected by those entitled to vote at such election, in the manner and for terms provided by the Amended Bylaws.

ARTICLE IX

Principal Office

The Corporation's principal office shall be located in the City of Albuquerque, County of Bernalillo, State of New Mexico.

ARTICLE X

Amendment

These Articles may be amended by a vote of the majority of the directors of any meeting called for that purpose in accordance with the Amended Bylaws.

ARTICLE XI

Adoption

The date of the meeting of the Board of Directors at which the

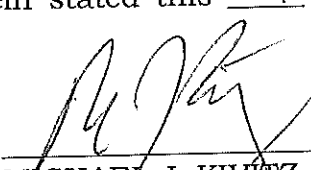
amendment was adopted was December 15, 2016. The Corporation has no members, or no members entitled to vote thereon, therefore the amendment was adopted by a majority of the Board of Directors in office. These Amended and Restated Articles of Incorporation correctly set forth the provisions of the Articles of Incorporation as amended, have been duly approved as required by law, as stated above, and supersede the original Articles of Incorporation and all amendments thereto.

ARTICLE XI


Effective Date

These Amended and Restated Articles of Incorporation will be effective on the filing date.

IN WITNESS WHEREOF, the undersigned, being the President and Secretary of this Corporation, executed these Restated Articles of Incorporation and certify to the truth of the facts herein stated this 27 day of MARCH, 2017.



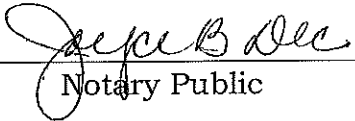
MICHAEL J. KIVITZ
Chief Executive Officer/President



MOLLY MADDEN
Secretary

STATE OF NEW MEXICO)
) ss.
COUNTY OF BERNALILLO)

The foregoing instrument was acknowledged before me this 27 day of March, 2017, by MICHAEL J. KIVITZ, Chief Executive Officer/President, of **ADELANTE DEVELOPMENT CENTER, INC.**, a New Mexico non-profit corporation on behalf of said corporation.




Notary Public

My Commission Expires:

7-10-2018

STATE OF NEW MEXICO)
) ss.
COUNTY OF BERNALILLO)

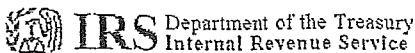
The foregoing instrument was acknowledged before me this 27 day of March, 2017, by MOLLY MADDEN, Secretary of **ADELANTE DEVELOPMENT CENTER, INC.**, a New Mexico non-profit corporation on behalf of said corporation.



Notary Public

My Commission Expires:

7-10-2018



Department of the Treasury
Internal Revenue Service

P.O. Box 2508
Cincinnati OH 45201

In reply refer to: 0248132325
Jan. 24, 2011 LTR 4168C E0
85-0262072 000000 00

00014061

BODC: TE

ADELANTE DEVELOPMENT CENTER INC
3900 OSUNA RD NE
ALBUQUERQUE NM 87109-4459

5346

Employer Identification Number: 85-0262072
Person to Contact: Paul M Perry
Toll Free Telephone Number: 1-877-829-5500

Dear Taxpayer:

This is in response to your Jan. 12, 2011, request for information regarding your tax-exempt status.

Our records indicate that you were recognized as exempt under section 501(c)(3) of the Internal Revenue Code in a determination letter issued in August 1978.

Our records also indicate that you are not a private foundation within the meaning of section 509(a) of the Code because you are described in section(s) 509(a)(1) and 170(b)(1)(A)(vi).

Donors may deduct contributions to you as provided in section 170 of the Code. Bequests, legacies, devises, transfers, or gifts to you or for your use are deductible for Federal estate and gift tax purposes if they meet the applicable provisions of sections 2055, 2106, and 2522 of the Code.

Please refer to our website www.irs.gov/eo for information regarding filing requirements. Specifically, section 6033(j) of the Code provides that failure to file an annual information return for three consecutive years results in revocation of tax-exempt status as of the filing due date of the third return for organizations required to file. We will publish a list of organizations whose tax-exempt status was revoked under section 6033(j) of the Code on our website beginning in early 2011.



A NEW WAY TO SIGN IN - If you already have a SAM account, use your **SAM email** for login.gov.



[Log In](#)

[Login.gov FAQs](#)

ALERT: SAM.gov will be down for scheduled maintenance Saturday, 08/17/2019, from 8:00 AM to 3:00 PM (EDT).

ALERT: Due to increased volume and additional security requirements, a high number of entity registrations are pending CAGE review. Processing time currently exceeds the normal window of ten business days. Some users may experience processing delays of up to four weeks. Respond promptly if you are contacted by a CAGE Technician for additional information. Contact the [CAGE Help Desk](#) with urgent questions about a registration pending CAGE review.

Entity Dashboard

▸ [Entity Overview](#)

▸ [Entity Registration](#)

▸ [Core Data](#)

▸ [Assertions](#)

▸ [Reps & Certs](#)

▸ [POCs](#)

▸ [Exclusions](#)

▸ [Active Exclusions](#)

▸ [Inactive Exclusions](#)

▸ [Excluded Family Members](#)

[RETURN TO SEARCH](#)

Adelante Development Center, Inc.

DUNS: 108384694 CAGE Code: 2Z711

Status: Active

Expiration Date: 12/26/2019

Purpose of Registration: All Awards

3900 Osuna Rd NE

Albuquerque, NM, 87109-4459,

UNITED STATES

Entity Overview

Entity Registration Summary

Name: Adelante Development Center, Inc.

Doing Business As: Adelante Enterprises

Business Type: Business or Organization

Last Updated By: Brian Ammerman

Registration Status: Active

Activation Date: 12/26/2018

Expiration Date: 12/26/2019

Exclusion Summary

Active Exclusion Records? No



IBM-P-20190627-1414

WWW4

Search Records	Disclaimers	FAPIS.gov
Data Access	Accessibility	GSA.gov/LAE
Check Status	Privacy Policy	GSA.gov
About		USA.gov
Help		

This is a U.S. General Services Administration Federal Government computer system that is "FOR OFFICIAL USE ONLY." This system is subject to monitoring. Individuals found performing unauthorized activities are subject to disciplinary action including criminal prosecution.

Adelante Development Center, Inc.

FINANCIAL STATEMENTS

June 30, 2018 and 2017

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Adelante Development Center, Inc.

We have audited the accompanying financial statements of Adelante Development Center, Inc. (Adelante), which comprise the statements of financial position as of June 30, 2018 and 2017, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the Adelante's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Adelante's internal controls. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis for Qualified Opinion

As explained in Note 16 to the financial statements, an entity under common control is not combined into the financial statements. Accounting principles generally accepted in the United States of America require combination of entities under common control for financial statement presentation.

Qualified Opinion on 2018 and 2017

In our opinion, except for the effects on the 2018 and 2017 financial statements of the matter discussed in the Basis for Qualified Opinion paragraph, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of Adelante as of June 30, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

October 17, 2018


Pulakos CPAs, PC

Adelante Development Center, Inc.
STATEMENTS OF FINANCIAL POSITION
June 30, 2018 and 2017

Assets

	2018	2017
Current assets		
Cash and cash equivalents	\$ 2,676,387	\$ 1,747,584
Accounts receivable		
Medicaid waiver	420,679	495,690
Program services, net	1,032,171	910,254
Governmental	110,429	97,389
Promises to give	417,523	354,489
Other receivables	92,583	129,103
Investments	1,753,915	1,662,325
Prepaid expenses and deposits	420,356	283,168
Inventories	90,048	149,982
Total current assets	7,014,091	5,829,984
Deferred compensation	873,541	797,763
Endowment	154,300	145,738
Beneficial interest in assets held by others	150,844	143,439
Property and equipment, net	13,819,813	12,078,720
Total assets	\$ 22,012,589	\$ 18,995,644

Liabilities and Net Assets

Current liabilities		
Accounts payable	\$ 475,498	\$ 477,536
Accrued expenses		
Accrued leave and benefits	452,303	464,316
Salaries and wages	752,168	706,135
Other	1,337,990	702,841
Current maturities of long-term debt	445,117	370,982
Current portion of capital lease obligations	483,577	418,135
Total current liabilities	3,946,653	3,139,945
Long-term debt	7,578,574	7,182,390
Capital lease obligations	577,496	1,011,937
Deferred compensation	873,541	797,763
Total liabilities	12,976,264	12,132,035
Net assets		
Unrestricted	8,339,605	6,232,621
Temporarily restricted	691,720	625,988
Permanently restricted	5,000	5,000
Total net assets	9,036,325	6,863,609
Total liabilities and net assets	\$ 22,012,589	\$ 18,995,644

Adelante Development Center, Inc.

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

Year Ended June 30, 2018

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues, Gains and Public Support				
Fees for Services				
Medicaid waiver	\$ 9,918,472	\$ -	\$ -	\$ 9,918,472
Program service fees	1,732,852	-	-	1,732,852
Total fees for services	11,651,324	-	-	11,651,324
Revenues Generated from Affirmative Enterprises				
Enterprise sales revenue	16,758,800	-	-	16,758,800
Public Support				
Federal and State grants	-	129,586	-	129,586
United Way	-	42,426	-	42,426
Contributions	26,299	531,461	-	557,760
In-kind contributions	1,448,592	-	-	1,448,592
Total public support	1,474,891	703,473	-	2,178,364
Other Revenues, Gains and Losses				
Leases	436,771	-	-	436,771
Miscellaneous	256,280	-	-	256,280
Unrealized gain on investments	112,193	-	-	112,193
Total other revenues, gains and losses	805,244	-	-	805,244
Net assets released from restriction	637,741	(637,741)	-	-
Total revenues, gains and public support	31,328,000	65,732	-	31,393,732
Expenses				
Program services:				
Community Living	5,307,304	-	-	5,307,304
Adelante Enterprises	10,269,145	-	-	10,269,145
Facility support services	5,148,828	-	-	5,148,828
Community options	2,859,705	-	-	2,859,705
Adelante Employment Services	831,256	-	-	831,256
In-kind contributions consumed	4,768	-	-	4,768
Total program services	24,421,006	-	-	24,421,006
Supporting services:				
Fundraising	236,133	-	-	236,133
Management and general	4,563,877	-	-	4,563,877
Total supporting services	4,800,010	-	-	4,800,010
Total program and supporting services	29,221,016	-	-	29,221,016
Change in net assets	2,106,984	65,732	-	2,172,716
Net assets, beginning of year	6,232,621	625,988	5,000	6,863,609
Net assets, end of year	\$ 8,339,605	\$ 691,720	\$ 5,000	\$ 9,036,325

See Notes to Financial Statements and Independent Auditors' Report.

Adelante Development Center, Inc.

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

Year Ended June 30, 2017

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues, Gains and Public Support				
Fees for Services				
Medicaid waiver	\$ 10,660,563	\$ -	\$ -	\$ 10,660,563
Program service fees	1,787,971	-	-	1,787,971
Total fees for services	12,448,534	-	-	12,448,534
Revenues Generated from Affirmative Enterprises				
Enterprise sales revenue	14,423,035	-	-	14,423,035
Public Support				
Federal and State grants	-	275,496	-	275,496
United Way	-	103,905	-	103,905
Contributions	26,799	370,384	-	397,183
In-kind contributions	53,423	-	-	53,423
Total public support	80,222	749,785	-	830,007
Other Revenues, Gains and Losses				
Leases	448,286	-	-	448,286
Miscellaneous	360,914	-	-	360,914
Unrealized loss on investments	153,001	-	-	153,001
Total other revenues, gains and losses	962,201	-	-	962,201
Net assets released from restriction	620,762	(620,762)	-	-
Total revenues, gains and public support	28,534,754	129,023	-	28,663,777
Expenses				
Program services:				
Community Living	5,259,066	-	-	5,259,066
Adelante Enterprises	9,253,351	-	-	9,253,351
Facility Support Services	4,988,000	-	-	4,988,000
Community Options	2,686,751	-	-	2,686,751
Adelante Employment Services	785,381	-	-	785,381
In-kind contributions consumed	40,265	-	-	40,265
Total program services	23,012,814	-	-	23,012,814
Supporting services:				
Fundraising	284,402	-	-	284,402
Management and general	4,507,746	-	-	4,507,746
Total supporting services	4,792,148	-	-	4,792,148
Total program and supporting services	27,804,962	-	-	27,804,962
Change in net assets	729,792	129,023	-	858,815
Net assets, beginning of year	5,502,829	496,965	5,000	6,004,794
Net assets, end of year	\$ 6,232,621	\$ 625,988	\$ 5,000	\$ 6,863,609

Adelante Development Center, Inc.

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2018

	Program Services						Supporting Services			
	Community Living	Adelante Enterprises	Facility Support Services	Community Options	Adelante Employment Services	Total Program Services	Fund- raising	Management and General	Total Supporting Services	Total Functional Expenses
Salaries	\$ 3,359,837	\$ 3,658,600	\$ 3,832,280	\$ 1,734,079	\$ 615,888	\$ 13,200,684	\$ 170,804	\$ 2,152,120	\$ 2,322,924	\$ 15,523,608
Payroll taxes and employee benefits	732,689	699,300	515,966	385,104	144,245	2,477,304	35,738	547,967	583,705	3,061,009
Total salaries and related expenses	4,092,526	4,357,900	4,348,246	2,119,183	760,133	15,677,988	206,542	2,700,087	2,906,629	18,584,617
Cost of goods - other	-	3,395,576	9,114	-	-	3,404,690	-	-	-	3,404,690
Supplies	13,167	301,697	341,221	42,939	3,297	702,321	1,870	99,845	101,715	804,036
Rent	15,207	455,401	14,533	161,969	8,172	655,282	3,950	134,269	138,219	793,501
Professional fees	56,123	88,165	243,270	30,538	2,942	421,038	5,691	302,899	308,590	729,628
Telephone and utilities	138,771	192,175	34,994	127,455	16,578	509,973	3,104	149,775	152,879	662,852
Repairs and maintenance	143,075	196,697	23,416	92,058	6,644	461,890	1,523	135,070	136,593	598,483
Food, care and support	519,263	10,720	7,198	22,101	1,995	561,277	300	18,069	18,369	579,646
Interest	-	154,065	-	10,126	-	164,191	-	352,062	352,062	516,253
Insurance - liability	47,338	29,295	32,738	28,196	2,222	139,789	500	261,690	262,190	401,979
Transportation	49,210	176,330	31,137	19,424	14,518	290,619	1,108	35,671	36,779	327,398
Activity expense	20,803	29,720	17,170	13,361	3,744	84,798	2,938	45,052	47,990	132,788
Bank fees	-	36,066	142	69	-	36,277	514	45,242	45,756	82,033
Publications	7,674	5,317	802	4,092	994	18,879	430	51,581	52,011	70,890
Miscellaneous	1,943	44,102	3,298	10,286	961	60,590	656	4,838	5,494	66,084
Travel	1,203	9,984	3,015	1,260	1,581	17,043	2,365	25,854	28,219	45,262
Advertising and marketing	472	5,439	114	2,464	474	8,963	609	30,939	31,548	40,511
Employee training	1,696	1,113	564	1,570	551	5,494	362	26,685	27,047	32,541
Postage and mailing	1,661	8,617	1,401	1,880	279	13,838	1,498	17,089	18,587	32,425
Cost of goods - thrift items	-	26,926	-	-	-	26,926	-	-	-	26,926
Total expense before depreciation	5,110,132	9,525,305	5,112,373	2,688,971	825,085	23,261,866	233,960	4,436,717	4,670,677	27,932,543
Depreciation and amortization	197,172	743,840	36,455	170,734	6,171	1,154,372	2,173	127,160	129,333	1,283,705
Total expenses	\$ 5,307,304	\$ 10,269,145	\$ 5,148,828	\$ 2,859,705	\$ 831,256	\$ 24,416,238	\$ 236,133	\$ 4,563,877	\$ 4,800,010	\$ 29,216,248

Adelante Development Center, Inc.

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2017

	Program Services					Supporting Services			Total	
	Community Living	Adelante Enterprises	Facility Support Services	Community Options	Adelante Employment Services	Total Program Services	Fund-raising	Management and General	Total Supporting Services	Total Functional Expenses
Salaries	\$ 3,340,257	\$ 3,708,824	\$ 3,715,150	\$ 1,572,203	\$ 576,995	\$ 12,913,429	\$ 220,752	\$ 2,057,431	\$ 2,278,183	\$ 15,191,612
Payroll taxes and employee benefits	736,505	685,294	530,813	358,430	141,116	2,452,158	42,796	532,015	574,811	3,026,969
Total salaries and related expenses	4,076,762	4,394,118	4,245,963	1,930,633	718,111	15,365,587	263,548	2,589,446	2,852,994	18,218,581
Cost of goods - other	-	2,423,721	9,134	-	-	2,432,855	-	-	-	2,432,855
Supplies	10,108	343,935	291,365	40,132	3,807	689,347	1,083	72,349	73,432	762,779
Professional fees	21,112	129,627	214,517	55,687	392	421,335	1,393	339,712	341,105	762,440
Telephone and utilities	139,423	201,695	35,206	120,785	15,838	512,947	3,602	150,430	154,032	666,979
Rent	12,447	430,169	17,759	130,047	6,797	597,219	271	42,322	42,593	639,812
Food, care and support	544,152	12,528	4,212	23,865	1,166	585,923	142	25,473	25,615	611,538
property insurance	118,722	184,836	32,417	95,681	6,634	438,290	1,556	127,002	128,558	566,848
Interest	-	165,996	-	-	-	165,996	-	371,367	371,367	537,363
Insurance- liability	45,951	27,937	35,387	31,688	1,847	142,810	1,000	262,581	263,581	406,391
Transportation	47,240	75,735	34,859	18,370	13,802	190,006	302	27,019	27,321	217,327
Miscellaneous	4,439	23,278	3,016	12,125	1,251	44,109	554	91,806	92,360	136,469
Activity expense	23,890	33,592	18,103	15,715	4,905	96,205	1,766	38,180	39,946	136,151
Bank fees	75	30,394	13	49	11	30,542	1,069	66,277	67,346	97,888
Travel	2,896	12,664	1,015	1,376	1,476	19,427	2,195	33,814	36,009	55,436
Publications	3,764	6,910	640	2,352	1,333	14,999	499	29,353	29,852	44,851
Cost of goods - thrift	-	35,777	-	-	-	35,777	-	-	-	35,777
Postage and mailing	1,070	6,348	1,363	1,807	809	11,397	1,265	21,529	22,794	34,191
Advertising and marketing	1,678	8,483	1,386	4,076	238	15,861	26	11,717	11,743	27,604
Employee training	809	2,241	224	391	419	4,084	1,870	14,434	16,304	20,388
Repairs, maintenance and										
Total expense before depreciation	5,054,538	8,549,984	4,946,579	2,484,779	778,836	21,814,716	282,141	4,314,811	4,596,952	26,411,668
Depreciation and amortization	204,528	703,367	41,421	201,972	6,545	1,157,833	2,261	192,935	195,196	1,353,029
Total expenses	<u>\$ 5,259,066</u>	<u>\$ 9,253,351</u>	<u>\$ 4,988,000</u>	<u>\$ 2,686,751</u>	<u>\$ 785,381</u>	<u>\$ 22,972,549</u>	<u>\$ 284,402</u>	<u>\$ 4,507,746</u>	<u>\$ 4,792,148</u>	<u>\$ 27,764,697</u>

Adelante Development Center, Inc.

STATEMENTS OF CASH FLOWS

Years Ended June 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Cash flows from operating activities		
Cash received from customers and donors	\$ 29,737,567	\$ 28,158,174
Cash paid to suppliers and employees	(26,820,820)	(25,633,033)
Interest paid	<u>(526,614)</u>	<u>(559,083)</u>
Net cash provided by operating activities	2,390,133	1,966,058
Cash flows from investing activities		
Purchases of investments	(3,384)	(4,046)
Proceeds from sale of investments	8,020	15,517
Purchase of property and equipment	(624,150)	(136,508)
Proceeds from disposal of property and equipment	<u>-</u>	<u>32,262</u>
Net cash used by investing activities	(619,514)	(92,775)
Cash flows from financing activities		
Proceeds from short-term borrowings	13,027,923	19,153,113
Payment on short-term borrowings	(13,027,923)	(19,461,303)
Payment on long-term debt	(405,681)	(357,813)
Payment on capital leases	<u>(436,135)</u>	<u>(341,802)</u>
Net cash used by financing activities	<u>(841,816)</u>	<u>(1,007,805)</u>
Net change in cash and cash equivalents	928,803	865,478
Cash and cash equivalents, beginning of year	<u>1,747,584</u>	<u>882,106</u>
Cash and cash equivalents, end of year	<u><u>\$ 2,676,387</u></u>	<u><u>\$ 1,747,584</u></u>
Supplemental schedule of non-cash investing and financing activities		
Asset additions through capital lease	<u>\$ 67,136</u>	<u>\$ 1,771,874</u>
Asset additions financed with debt	<u><u>\$ 876,000</u></u>	<u><u>\$ -</u></u>

Adelante Development Center, Inc.

STATEMENTS OF CASH FLOWS - CONTINUED

Years Ended June 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Reconciliation of change in net assets to net cash provided by operating activities		
Change in net assets	\$ 2,172,716	\$ 858,815
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	1,283,705	1,353,029
Bad debt expense	25,751	32,189
Unrealized gain on investments	(112,193)	(153,001)
Gain on disposal of assets	(8,920)	(21,862)
Fixed assets - in-kind (non-cash) donations	(1,448,592)	(138,933)
Decrease (increase) in:		
Accounts receivable	(112,211)	(223,996)
Prepaid assets and deposits	(137,188)	70,933
Inventories	59,934	(119,671)
(Decrease) increase in:		
Accounts payable	(2,038)	(84,163)
Accrued liabilities	<u>669,169</u>	<u>392,718</u>
Total adjustments	<u>217,417</u>	<u>1,107,243</u>
Net cash provided by operating activities	<u><u>\$ 2,390,133</u></u>	<u><u>\$ 1,966,058</u></u>

Adelante Development Center, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2018 and 2017

NOTE 1 – NATURE OF BUSINESS

Adelante Development Center, Inc. (Adelante) is a nonprofit agency whose mission is to “assist and support people with disabilities and seniors in achieving their personal goals in life”. Adelante provides individualized support services for nearly 2,000 New Mexicans with mental, physical, and developmental disabilities, disabled veterans, and the elderly. Adelante began over 40 years ago and has innovated and expanded over the years to meet the needs and goals of people with disabilities. The agency currently provides employment, vocational and life skills training, residential services, and volunteer opportunities for people with disabilities. Adelante also supports the elderly through day programs and Senior Meal Services and operates a Benefits Connection Center and Back in Use programs to benefit seniors and people with disabilities in New Mexico. Adelante has innovated over the years under the common goal of serving as a “community resource”, which has led to a steady expansion of programs and business services. In 2014, Adelante stepped in to support the continued operation of Storehouse New Mexico (the Storehouse), the State’s largest food pantry, and continues to support that nonprofit entity with management, marketing, and fundraising support. In August 2017, Adelante assumed operating responsibilities to support the continued operation of New Mexico AIDS Services (NMAS). NMAS continues to support people and communities affected by HIV/AIDS through nutritional/food assistance, housing opportunities and education. Adelante provides NMAS with management, marketing and fundraising support.

Adelante currently operates the following programs:

Community Living

Residential services including 24/7 Supported Living, Independent Living and Home-Based Living, which enables people with disabilities the opportunity to live as independently as possible.

Community Options

In the counties of Bernalillo and Valencia, Community Options day programs teach the life skills necessary for people with severe mental and physical disabilities to have the opportunity to live their lives to the fullest as contributing members of the community. Personal and social support is provided for clients who choose not to participate in a full-day work program, including meaningful volunteer opportunities.

Adelante Enterprises

Adelante Enterprises division provides a variety of high-quality business services including custom packaging and fulfillment solutions, bulk printing and mailing; janitorial and facility management services; document management through scanning, storage and shredding services, call center operations, to businesses and governmental agencies throughout New Mexico. The agency also operates one thrift store location. Following a social enterprise model, the nonprofit agency provides valuable business and community services while providing employment for people with disabilities.

Adelante Development Center, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2018 and 2017

NOTE 1 – NATURE OF BUSINESS – CONTINUED

Facility Support Services (FSS)

Through competitive contracts negotiated with commercial and federal entities, people with disabilities are employed providing facility maintenance, laundry, administration, janitorial and landscape maintenance services for State rest areas and local commercial, state, and federal buildings.

Adelante EmployAbility (Employment Services)

EmployAbility is an employment service designed to assist people with disabilities in the process of securing and maintaining employment with commercial businesses in the community.

Senior Meal Services

Under contract with New Mexico's non-metro Area Agencies on Aging, Adelante provides meals to seniors in Dona Ana County at six congregate senior center locations as well as home delivered meals. The service also includes some transportation services and employment opportunities for low-income seniors who qualify, in the Las Cruces metro area.

Back in Use and DiverseIT

Adelante Back in Use and DiverseIT recycle medical assistive devices and computer systems then provides them to people with disabilities and seniors who need them. DiverseIT also repairs computers and provides on-the-job and computer literacy training. The program is good for the environment, beneficial to people receiving equipment, and provides jobs for people with disabilities.

Benefits Connection Center

Adelante offers a free service for adults across New Mexico, helping people discover which governmental benefits (SNAP, LIHEAP, SSI, etc.) they qualify for and then helps them enroll by assisting them in the application process.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting and Presentation

Adelante's financial statements have been prepared on the accrual basis of accounting. The accompanying financial statements reflect all significant receivables, payables and other liabilities.

Adelante reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. Management has elected to not comply with the requirement to combine entities under common control. Adelante, New Mexico Aids Services and the Storehouse New Mexico should be reported on a combined basis.

Adelante Development Center, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2018 and 2017

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Cash and Cash Equivalents

For purposes of the statements of cash flows, Adelante considers unrestricted highly liquid investments with an original maturity date of 90 days or less to be cash equivalents.

Accounts Receivable

Adelante utilizes the allowance method of accounts receivable valuation. The allowance for uncollectible accounts was \$25,000 at June 30, 2018 and 2017, respectively. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable.

Contributions and Promises to Give

Contributions and unconditional promises to give are recognized as revenues in the period received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional. Non-cash donations are recorded at their estimated fair value on the date of donation.

Restricted and Unrestricted Contributions

Donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities and changes in net assets as net assets released from restrictions. Contributions that are restricted by the donor are reported as increases in unrestricted net assets, if the restrictions expire in the reporting period in which revenue is recognized.

Investments

Investments have been presented at fair market value. Certain investments are held to satisfy deferred compensation arrangements and are classified as long-term. Alternative investments are carried at their net realizable value. Unrealized and realized gains and losses on investments are reported in the statements of activities and changes in net assets. Accordingly, the fair value measurement provisions of accounting principles generally accepted in the United States of America have been adopted by Adelante as disclosed in Note 4 to these financial statements.

Permanently Restricted Net Assets

The Uniform Prudent Management of Institutional Funds Act (UPMIFA) provides industry guidance to organizations similar to Adelante. The State of New Mexico adopted UPMIFA effective July 1, 2009. Adelante's Board of Directors has determined that certain funds administered by the Albuquerque Community Foundation, a New Mexico non-profit corporation (the Foundation), meet the definition of endowment funds under UPMIFA.

Permanently restricted net assets at June 30, 2018 and 2017, include an initial endowment of approximately \$5,000 administered by the Foundation.

Adelante Development Center, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2018 and 2017

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Permanently Restricted Net Assets – Continued

Adelante invests funds in investment pools as offered by the Foundation. Distributions are based on actual investment earnings. Income from the endowment is appropriated for program specific operational expenses as deemed necessary.

The investment with the Foundation is allocated among marketable securities, hedge funds, real estate, private equity and land.

Inventories

Inventories are comprised of assembly hardware, new tools held for resale, donated clothing and furniture at the Valencia County thrift store. Postage used for mailing services is also held in the inventory account. Inventory is valued at the lower of cost or market on a first-in, first-out basis.

Donated Assets and Services

Donated assets and services are recorded at their estimated fair values as of the date of contribution and capitalized if exceeding the \$1,000 threshold policy. Contributions of services are recognized in the financial statements if the services received enhance or create nonfinancial assets, require specialized skills and are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Services are provided by volunteers who perform a variety of tasks that benefit Adelante but are not recorded, as they do not meet the above criteria. Total in-kind contributions were \$1,448,592 and \$53,423 for the years ended June 30, 2018 and 2017, respectively.

Property and Equipment

Property and equipment are recorded at cost. Expenditures for repairs and maintenance are charged to expense as incurred. Depreciation and amortization of fixed assets are computed using the straight-line method at rates sufficient to recover the basis of the asset over its estimated useful life. The lives used to compute depreciation and amortization range from three to forty years. Acquisitions of property and equipment over \$1,000 and useful life greater than one year are capitalized.

Donations of property and equipment are recorded as support at their estimated fair value at the date of donation. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are recorded as temporarily restricted support. It is Adelante's policy to record donations of property and equipment that have no donor restrictions as unrestricted support in the period of contribution.

Adelante Development Center, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2018 and 2017

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Impairment of Long-lived Assets and Long-lived Assets to be Disposed of

Adelante reviews its long-lived assets and certain identifiable intangibles for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of, if any, are reported at the lower of the carrying amount or the fair value less costs to sell.

Revenue Recognition

Support from grants and contracts is recognized when earned or when expenditures have been incurred in accordance with provisions of the grants and contracts. Monies received but not earned during the fiscal year are recorded as deferred revenue. Service revenue is recognized when the service is performed.

Functional Classification of Expenses

Adelante presents its expenses on a functional basis among its various programs and support services. Expenses and support services that can be identified with a specific program are allocated directly according to their natural expenditure classification. Other expenses that are common to several programs are allocated based on various relationships.

Advertising Costs

Advertising costs are expensed as incurred. Total advertising costs were approximately \$41,000 and \$28,000 for the years ended June 30, 2018 and 2017, respectively.

Fair Value Measurements

Accounting Standards Codification Topic 820 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets and liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

Level 1 – Unadjusted quoted prices in active markets for identical investments that Adelante has the ability to access at the measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the investment, either directly or indirectly. These inputs may include quoted prices for the identical instrument in an inactive market, inputs other than observable quoted prices, or inputs derived principally from or corroborated by observable market data by correlation or other means.

Adelante Development Center, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2018 and 2017

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Fair Value Measurements – Continued

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Income Taxes

Adelante is a non-profit corporation and qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and is classified as other than a private foundation. As such, its normal activities do not result in any income tax liability. However, income from certain activities not directly related to Adelante's tax-exempt purpose is subject to taxation as unrelated business income.

Adelante has adopted accounting principles generally accepted in the United States of America as they relate to uncertain tax positions for the years ended June 30, 2018 and 2017. Any interest and penalties recognized associated with a tax position would be classified as current in the Adelante's financial statements. No interest or penalties were recorded in 2018 or 2017.

Currently Adelante's 2015, 2016, and 2017 tax years are open and subject to examination by the Internal Revenue Service and New Mexico Taxation and Revenue Department. However, Adelante is not currently under audit, nor has Adelante been contacted by any of these jurisdictions. Based on the evaluation of Adelante's tax positions, management believes all positions taken would be upheld under an examination. Therefore, no provision for the effects of uncertain income taxes has been recorded for the years ended June 30, 2018 and 2017.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Those estimates and assumptions affect the reported revenues and expenses. Actual results could differ from these estimates.

Financial Instruments

The carrying amounts of cash, receivables, payables, debt, and accrued liabilities and other obligations approximate fair value due to the short-term nature of these instruments.

Adelante Development Center, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2018 and 2017

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Subsequent Events

Adelante has evaluated all events occurring subsequent to June 30, 2018 through October 17, 2018, which is the date that the financial statements were issued and does not believe that any events occurring during this period require either recognition or disclosure in the accompanying financial statements.

NOTE 3 – ACCOUNTS RECEIVABLE

As of June 30, 2018 and 2017, accounts receivable consisted of the following:

	<u>2018</u>	<u>2017</u>
Program services:		
Industries	\$ 400,125	\$ 458,635
Source America - FLETC	293,573	184,950
Department of Labor	107,908	136,935
Source America - KAFB	105,266	105,953
Source America - Other	99,671	35,853
Army Reserve	26,176	-
NM AIDS Services, Inc.	13,210	-
ARCA	<u>11,242</u>	<u>12,928</u>
	1,057,171	935,254
Less allowance for doubtful accounts	<u>(25,000)</u>	<u>(25,000)</u>
Total program services	<u>\$ 1,032,171</u>	<u>\$ 910,254</u>
	<u>2018</u>	<u>2017</u>
Governmental:		
NM Department of Health	\$ 77,409	\$ 74,580
NM Department of Education - Division of Vocational Rehabilitation	<u>33,020</u>	<u>22,809</u>
Total governmental	<u>\$ 110,429</u>	<u>\$ 97,389</u>

Adelante Development Center, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2018 and 2017

NOTE 4 – FAIR VALUE MEASUREMENT

The following tables present the fair value hierarchy for those assets measured at fair value on a recurring basis at June 30, 2018:

Assets at Fair Value

Description	Total	Level 1	Level 2	Level 3
Bonds				
Corporate bond	\$ 463,801	\$ 463,801	\$ -	\$ -
Intermediate-term bond	166,174	166,174	-	-
Long government	65,230	65,230	-	-
High yield bond	47,030	47,030	-	-
World bond	40,282	40,282	-	-
Inflation-Protected bond	27,509	27,509	-	-
Intermediate government	24,308	24,308	-	-
Short government	11,882	11,882	-	-
Emerging markets local currency bond	9,402	9,402	-	-
Emerging Markets bond	7,493	7,493	-	-
Emerging markets local currency bond	7,112	7,112	-	-
Total bonds	870,223	870,223	-	-
Equity securities				
Large blend	388,593	388,593	-	-
Large value	198,569	198,569	-	-
Large growth	123,864	123,864	-	-
Mid growth	47,584	47,584	-	-
Small value	36,704	36,704	-	-
Small growth	31,386	31,386	-	-
Small blend	28,078	28,078	-	-
Mid value	13,928	13,928	-	-
Commodities – broad basket	9,506	9,506	-	-
Commodities - precious metals	5,480	5,480	-	-
Total equity securities	883,692	883,692	-	-
Deferred compensation agreement				
Mutual fund – large growth	671,168	671,168	-	-
Mutual fund – mid growth	202,373	202,373	-	-
Mutual fund – large blend	-	-	-	-
Money market	-	-	-	-
Mutual fund – small blend	-	-	-	-
Mutual fund – mid blend	-	-	-	-
Total deferred compensation agreement	873,541	873,541	-	-

Adelante Development Center, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2018 and 2017

NOTE 4 – FAIR VALUE MEASUREMENT – CONTINUED

Assets at Fair Value – Continued

Description	Total	Level 1	Level 2	Level 3
Endowment	154,300	-	-	154,300
Beneficial interest in assets held by others	150,844	-	-	150,844
	<u>\$ 2,932,600</u>	<u>\$ 2,627,456</u>	<u>\$ -</u>	<u>\$ 305,144</u>

The following tables present the fair value hierarchy for those assets measured at fair value on a recurring basis at June 30, 2017:

Assets at Fair Value

Description	Total	Level 1	Level 2	Level 3
Bonds				
Corporate bond	\$ 421,663	\$ 421,663	\$ -	\$ -
Intermediate-term bond	142,957	142,957	-	-
Long government	70,238	70,238	-	-
High yield bond	47,868	47,868	-	-
World bond	43,249	43,249	-	-
Intermediate government	26,220	26,220	-	-
Inflation-Protected bond	23,539	23,539	-	-
Emerging Markets bond	13,266	13,266	-	-
Short government	4,647	4,647	-	-
Emerging markets local currency bond	4,298	4,298	-	-
Total bonds	797,945	797,945	-	-
Equity securities				
Large blend	325,109	325,109	-	-
Large value	250,347	250,347	-	-
Large growth	115,629	115,629	-	-
Mid growth	48,792	48,792	-	-
Small growth	42,827	42,827	-	-
Small value	25,934	25,934	-	-
Mid value	13,785	13,785	-	-
Diversified Pacific/Asia	12,831	12,831	-	-
Europe stock	12,697	12,697	-	-
Small blend	8,640	8,640	-	-
Commodities - precious metals	7,789	7,789	-	-
Total equity securities	864,380	864,380	-	-

Adelante Development Center, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2018 and 2017

NOTE 4 – FAIR VALUE MEASUREMENT – CONTINUED

Assets at Fair Value – Continued

Description	Total	Level 1	Level 2	Level 3
Deferred compensation agreement				
Mutual fund – large growth	495,839	495,839	-	-
Mutual fund – mid growth	139,628	139,628	-	-
Mutual fund – large blend	57,081	57,081	-	-
Money market	48,088	48,088	-	-
Mutual fund – small blend	29,042	29,042	-	-
Mutual fund – mid blend	28,085	28,085	-	-
Total deferred compensation agreement	797,763	797,763	-	-
Endowment	145,738	-	-	145,738
Beneficial interest in assets held by others	143,439	-	-	143,439
	<u>\$ 2,749,265</u>	<u>\$ 2,460,088</u>	<u>\$ -</u>	<u>\$ 289,177</u>

Level 3 – Investments

The following tables present the Adelante’s activities for investments measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the years ended June 30, 2018 and 2017: Adelante activity follows:

	2018	2017
Beginning balances	\$ 289,177	\$ 259,323
Investment gains	19,978	33,559
Investment management fees	<u>(4,011)</u>	<u>(3,705)</u>
Ending balances	<u>\$ 305,144</u>	<u>\$ 289,177</u>

The following is a description of the valuation methodologies used for assets and liabilities measured at fair value.

Bonds, Equity, and Deferred Compensation Agreement: Fair value determined using quoted prices in active markets for units held at the end of the year.

Endowment and Beneficial interest in assets held by others: Fair value determined using net realizable value as determined in good faith by the investment fund manager at the end of the year.

Adelante Development Center, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2018 and 2017

NOTE 4 – FAIR VALUE MEASUREMENT – CONTINUED

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while management believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

NOTE 5 – LONG-TERM INVESTMENTS

Adelante maintains a deferred compensation agreement for the benefit of certain employees. The chairman of Adelante's board of directors is named as the trustee. The market value of assets held by the Mutual of America was approximately \$404,746 and \$359,185 at June 30, 2018 and 2017, respectively. The principal of the agreement, and any earnings thereon, is held separate and apart from other funds of Adelante and is segregated for the purposes of plan participants.

Adelante maintains another separate Deferred Compensation Agreement for the benefit of certain employees. Adelante is the plan sponsor. The market value of assets held by the Principal Financial Group was approximately \$468,795 and \$438,578 at June 30, 2018 and 2017, respectively. The principal of the agreement, and any earnings thereon, is held separate and apart from other funds of Adelante and is segregated for the purposes of plan participants.

Investments classified as endowment and beneficial interest in assets held by others are administered by the Albuquerque Community Foundation, a New Mexico non-profit corporation (Foundation). The Foundation manages a pool of charitable funds in which Adelante's endowment and beneficial interest are invested. That pool is then invested in various investments including marketable securities, hedge funds, real estate, private equity, and land. In the case of Adelante's investments in the Foundation's investment pool, the inputs which would be used to measure its fair value fall into different levels of the fair value hierarchy. Classification is determined based on the lowest level in the fair value hierarchy therefore, the entire investment is classified as Level 3.

The endowment consists of \$5,000 permanently restricted net assets at June 30, 2018 and 2017, with remaining balances recorded as unrestricted net assets of \$149,300 and \$140,738 at June 30, 2018 and 2017, respectively. Distributions in the amount of \$1,508 and \$1,401 were made in 2018 and 2017, respectively. No contributions were made in either 2018 or 2017. All accumulation resulted from investment earnings that were recorded as unrestricted net assets, as Adelante can use these funds at their discretion for operations.

Adelante Development Center, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2018 and 2017

NOTE 5 – LONG-TERM INVESTMENTS – CONTINUED

The beneficial interest in assets held by others is recorded as temporarily restricted net assets (see Note 9). Distributions in the amount of \$2,502 and \$2,303 were made in 2018 and 2017, respectively. There were no contributions in 2018 or 2017. All investment earnings were recorded as temporarily restricted net assets due to purpose restrictions imposed by the donor.

NOTE 6 – PROPERTY AND EQUIPMENT

As of June 30, property and equipment consisted of the following:

	<u>2018</u>	<u>2017</u>
Buildings	\$ 16,377,119	\$ 14,247,540
Furniture, equipment and machinery	3,322,468	3,031,792
Vehicles	2,773,709	2,697,838
Capital leases	1,799,727	1,771,874
Leasehold improvements	<u>614,595</u>	<u>614,595</u>
	24,887,618	22,363,639
Less accumulated depreciation	<u>(13,502,697)</u>	<u>(12,371,094)</u>
	11,384,921	9,992,545
Construction in progress	393,232	125,715
Land	<u>2,041,660</u>	<u>1,960,460</u>
Total property and equipment, net	<u>\$ 13,819,813</u>	<u>\$ 12,078,720</u>

In May 2013, a fire significantly damaged the Belen Thrift Store. Adelante filed a claim with their insurance company and have received the full value of insurance proceeds under the claim as of June 30, 2016. Insurance proceeds received for business interruption of zero and \$50,043 were recorded to other revenue in 2018 and 2017, respectively.

Construction in progress at June 30, 2018 consists of miscellaneous costs incurred for housing renovations. Construction in progress at June 30, 2017 consists of miscellaneous costs incurred for housing renovations and rebuilding a partially destroyed truck placed into operations in 2018.

Adelante Development Center, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2018 and 2017

NOTE 7 – LINE-OF-CREDIT

Adelante has available an operating line-of-credit at a bank secured by accounts receivable and inventory with no stated maturity. The line-of-credit has \$1,500,00 available. Interest at the prime rate (5.00% and 4.50% at June 30, 2018 and 2017, respectively). The line-of-credit has a minimum interest rate of 2.65% and payment is due monthly. The outstanding balance was zero at June 30, 2018 and 2017, respectively.

NOTE 8 – LONG-TERM DEBT

As of June 30, 2018 and 2017, long-term debt consisted of the following:

	<u>2018</u>	<u>2017</u>
Note payable to bank, secured by land and building, due in monthly installments of \$51,082, including interest at 4.75% with final payment due March 2035.	\$ 7,031,324	\$ 7,298,615
Note payable to bank, secured by vehicles, due in monthly installments of \$9,267, including interest fixed at 4.75%, with final payment due November 2019.	152,432	254,757
Note payable to bank, secured by land and building, due in monthly installments of \$5,243, including interest fixed at 5.20%, with final payment due December 2037.	764,936	-
Note payable to Source America, secured by accounts, receivable due in quarterly installments of \$8,334, plus interest at 0.005%, with final payment due May 2020.	<u>74,999</u>	<u>-</u>
	8,023,691	7,553,372
Less current maturities	<u>(445,117)</u>	<u>(370,982)</u>
Total	<u>\$ 7,578,574</u>	<u>\$ 7,182,390</u>

Adelante Development Center, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2018 and 2017

NOTE 8 – LONG-TERM DEBT – CONTINUED

Long-term debt maturities are as follows:

Years ending June 30:

2019	\$ 445,117
2020	399,176
2021	344,373
2022	352,710
2023	370,206
Thereafter	<u>6,112,109</u>
	<u>\$ 8,023,691</u>

Adelante must comply with certain financial covenants, including a debt service coverage ratio, minimum net assets and a leverage ratio, as defined in the agreement. Management believes Adelante is in compliance with its financial covenants for the years ended June 30, 2018 and 2017.

NOTE 9 – TEMPORARILY RESTRICTED NET ASSETS

Adelante's temporarily restricted net assets consisted of the following:

<u>Restrictions</u>	<u>Balance June 30, 2017</u>	<u>Additions</u>	<u>Restrictions Released</u>	<u>Balance June 30, 2018</u>
United Way	\$ 64,991	\$ 42,426	\$ 68,418	\$ 38,999
NM State Grant	275,496	129,586	153,558	251,524
Mutual of America	13,120	-	13,120	-
Wilhelmina Coe/ Friends in Time	143,439	7,405	-	150,844
CHIPS	3,228	-	3,228	-
Other	<u>125,714</u>	<u>524,056</u>	<u>399,417</u>	<u>250,353</u>
Total	<u>\$ 625,988</u>	<u>\$ 703,473</u>	<u>\$ 637,741</u>	<u>\$ 691,720</u>

Adelante Development Center, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2018 and 2017

NOTE 9 – TEMPORARILY RESTRICTED NET ASSETS – CONTINUED

<u>Restrictions</u>	<u>Balance June 30, 2016</u>	<u>Additions</u>	<u>Restrictions Released</u>	<u>Balance June 30, 2017</u>
United Way	\$ 14,359	\$ 103,905	\$ 53,273	\$ 64,991
NM State Grant	138,103	275,496	138,103	275,496
Mutual of America	15,000	-	1,880	13,120
Source America Contact Center	60,000	-	60,000	-
Wilhelmina Coe/ Friends in Time	129,157	14,282	-	143,439
CHIPS	68,539	178,776	244,087	3,228
Other	<u>71,807</u>	<u>177,326</u>	<u>123,419</u>	<u>125,714</u>
Total	<u>\$ 496,965</u>	<u>\$ 749,785</u>	<u>\$ 620,762</u>	<u>\$ 625,988</u>

Temporarily restricted net assets are contributions with donor-imposed stipulations. The promise to give receivable balance was \$417,523 and \$354,489 at June 30, 2018 and 2017, respectively.

NOTE 10 – EMPLOYMENT PROGRAM FUNDING

For the years ended June 30, 2018 and 2017, program service fees and enterprise sales revenue include various employment programs funded, in part, by the following:

	<u>2018</u>	<u>2017</u>
Industry Sales	\$ 4,135,190	\$ 3,270,589
Source America FLETC - Ability 1	2,906,309	2,555,233
Source America KAFB - Ability 1	1,933,030	1,866,076
Retail sales	781,393	758,320
Senior meal services	710,037	703,429
Private pay	425,117	494,698
Recycle revenues	320,929	277,126
Ticket to work	178,969	167,451
ARCA-ICF	131,522	162,271
Other janitorial contracts	91,162	88,851
Snack bars and vending machines	11,842	11,716
Situational assessment revenue	<u>450</u>	<u>3,800</u>
Total employment program funding	<u>\$ 11,625,950</u>	<u>\$ 10,359,560</u>

Adelante Development Center, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2018 and 2017

NOTE 11 – LEASE REVENUE

Adelante leases portions of its commercial office buildings as operating leases to unrelated third-parties. The operating leases expired at various times through fiscal year 2017, with one lease extended through July 2022. The remaining leases operate on a month-to-month basis.

Minimum future rentals do not include contingent rentals that may be received over the base amount, which are tied to operating results of the lessee. There were no contingent rentals received in 2018 or 2017. Annual lease revenue was \$436,771 and \$448,286 for 2018 and 2017, respectively. Future minimum lease payments related to the operating lease revenues are approximately:

Years ending June 30:

2019	\$ 50,780
2020	50,780
2021	50,780
2022	50,780
2023	<u>2,116</u>
Total minimum lease payments	<u>\$ 205,236</u>

NOTE 12 – BENEFIT PLANS

The Adelante Development Center, Inc. 403(b) Plan (the Plan) was established January 1, 2000 for the benefit of the employees of Adelante Development Center, Inc. (the Company). The Company acts as the Plan discretionary sponsor and administrator. The Plan is a defined contribution plan covering substantially all employees of the Company. Employees may elect not to participate in the salary deferral program. Employees must have attained age eighteen to be eligible for contributions other than elective deferral contributions. The Plan entry dates for participant deferrals and employer matching contributions occurs immediately upon attaining eligibility. Adelante contributed approximately \$150,000 and \$121,000 to this Plan during the years ended June 30, 2018 and 2017, respectively.

NOTE 13 – LEASES

Adelante leases building space, vehicles and equipment used for training purposes under long-term operating lease agreements. The leases expire in various years through fiscal year 2022. One of the leases for building space contains a ten-year renewal option. Monthly lease expense ranges from \$303 to \$11,103.

Adelante Development Center, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2018 and 2017

NOTE 13 – LEASES – CONTINUED

Future minimum lease payments related to the operating leases are approximately:

Years ending June 30:

2019	\$ 326,518
2020	322,455
2021	108,435
2022	107,443
2023	<u>85,537</u>
Total minimum lease payments	<u>\$ 950,388</u>

Total rent expense was \$793,501 and \$639,812 for the years ended June 30, 2018 and 2017, respectively.

NOTE 14 – CAPITAL LEASE OBLIGATIONS

Adelante has capital leases for equipment used for operations of Bulk Printing and Mailing. The assets are depreciated over their respective lease periods. Total assets under capital lease were approximately \$1,848,000 and \$1,772,000 at June 30, 2018 and 2017, respectively. Accumulated depreciation associated with these assets was approximately \$450,000 and \$400,000 as of June 30, 2018 and 2017, respectively. Depreciation of assets under capital leases is included in depreciation expense. Future minimum lease payments related to the operating leases are approximately:

Years ending June 30:

2019	\$ 483,577
2020	540,487
2021	36,208
2022	<u>801</u>
Total minimum lease payments	<u>\$ 1,061,073</u>

Adelante Development Center, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2018 and 2017

NOTE 15 – RELATED PARTY TRANSACTIONS

As discussed in Note 1, Adelante controls the Storehouse's operations. The Storehouse reimburses Adelante for any costs incurred on behalf of Storehouse, as well as the cost of full-time employees assigned to the Storehouse and a management fee. Income recognized for management fees was \$82,025 and \$112,322 in 2018 and 2017, respectively, and is included in miscellaneous income in the accompanying statements of activities and changes in net assets. Costs reimbursed for salaries and related costs and various operating costs incurred on behalf of the Storehouse was \$239,705 and \$273,352 in 2018 and 2017, respectively. Amounts receivable from the Storehouse was \$48,205 and \$84,800 at June 30, 2018 and 2017, respectively, and is included in other receivables in the accompanying statements of financial position.

As discussed in Note 1, Adelante controls the NMAS's operations. The NMAS reimburses Adelante for any costs incurred on behalf of NMAS, as well as the cost of full-time employees assigned to the NMAS and a management fee. Income recognized for management fees was \$53,140 and zero in 2018 and 2017, respectively, and is included in miscellaneous income in the accompanying statements of activities and changes in net assets. Costs reimbursed for salaries and related costs and various operating costs incurred on behalf of the NMAS was \$187,397 and zero in 2018 and 2017, respectively. Amounts receivable from the NMAS was \$27,675 and zero at June 30, 2018 and 2017, respectively, and is included in other receivables in the accompanying statements of financial position. Additionally, in 2018 NMAS donated a building to Adelante for use in operations. The value of the in-kind contribution was \$464,000 and is included in in-kind contributions in the accompanying statements of activities and changes in net assets.

NOTE 16 – DEPARTURE FROM GENERALLY ACCEPTED ACCOUNTING PROCEDURES

The Storehouse New Mexico

In 2014 the Storehouse was created as a separate 501(c)(3) organization operating for the purpose of providing food to those in need. Adelante, at the Board's discretion, has the ability to appoint board members and to direct the activities of the Storehouse. As a result, Adelante directly controls the Storehouse and is required to combine entities under common control in accordance with accounting principles generally accepted in the United States of America. Management has elected to not comply with the requirement to combine entities under common control.

Selected 2018 and 2017 summarized financial information for the Storehouse is as follows:

	<u>2018</u>	<u>2017</u>
Assets	\$ 1,546,112	\$ 1,540,133
Liabilities	526,723	615,700
Net assets	1,019,389	924,433
Revenues	3,102,264	3,341,275
Expenses	3,007,308	3,256,499

Adelante Development Center, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2018 and 2017

NOTE 16 – DEPARTURE FROM GENERALLY ACCEPTED ACCOUNTING PROCEDURES - CONTINUED

New Mexico AIDS Services, Inc.

In August 2017 operations of NMAS were transferred to Adelante, in order to maintain continuous operations of the 501(c)(3) organization. NMAS is an organization whose mission is to enhance the quality of life for people and communities affected by HIV/AIDS through innovative and comprehensive services, support and prevention education, and continues to support that nonprofit entity with management, marketing, and fundraising support. Adelante, at the Board's discretion, has the ability to appoint board members and to direct the activities of NMAS. Adelante's Board of Directors has the ability to appoint Board members and direct the activities of NMAS the NMAS Board of Directors cannot change the relationship with Adelante without the express permission of Adelante's Board of Directors. Management has elected to not comply with the requirement to combine entities under common control.

Selected 2018 summarized financial information for the NMAS is as follows:

	<u>2018</u>
Assets	\$ 3,338,534
Liabilities	69,984
Net assets	3,268,550
Revenues	57,424
Expenses	632,804

NOTE 17 – COMMITMENTS AND CONTINGENCIES

Major Customers

Adelante receives a significant portion of its revenue from grants and contracts from government agencies, which subjects it to possible fluctuations due to changes in funding priorities. During 2018 and 2017, Adelante received approximately 35% and 45%, respectively, of its gross revenues from such grants and contracts. Related receivables were approximately 37% and 44% of total receivables at June 30, 2018 and 2017, respectively.

Contingencies

Certain funds received are subject to review and audit by grantor agencies. Such audits could result in requests for reimbursements by the grantor agencies for amounts disallowed under terms and conditions of the grantor agencies. As of June 30, 2018 or 2017, no amounts were due from these examinations.

Adelante is subject to various claims that arise in the ordinary course of business. In the opinion of management, the amount of the ultimate liability will not materially affect the financial position, results of operations, or liquidity of Adelante.

Adelante Development Center, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2018 and 2017

NOTE 18 – RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS - NOT-FOR-PROFIT REPORTING FRAMEWORK

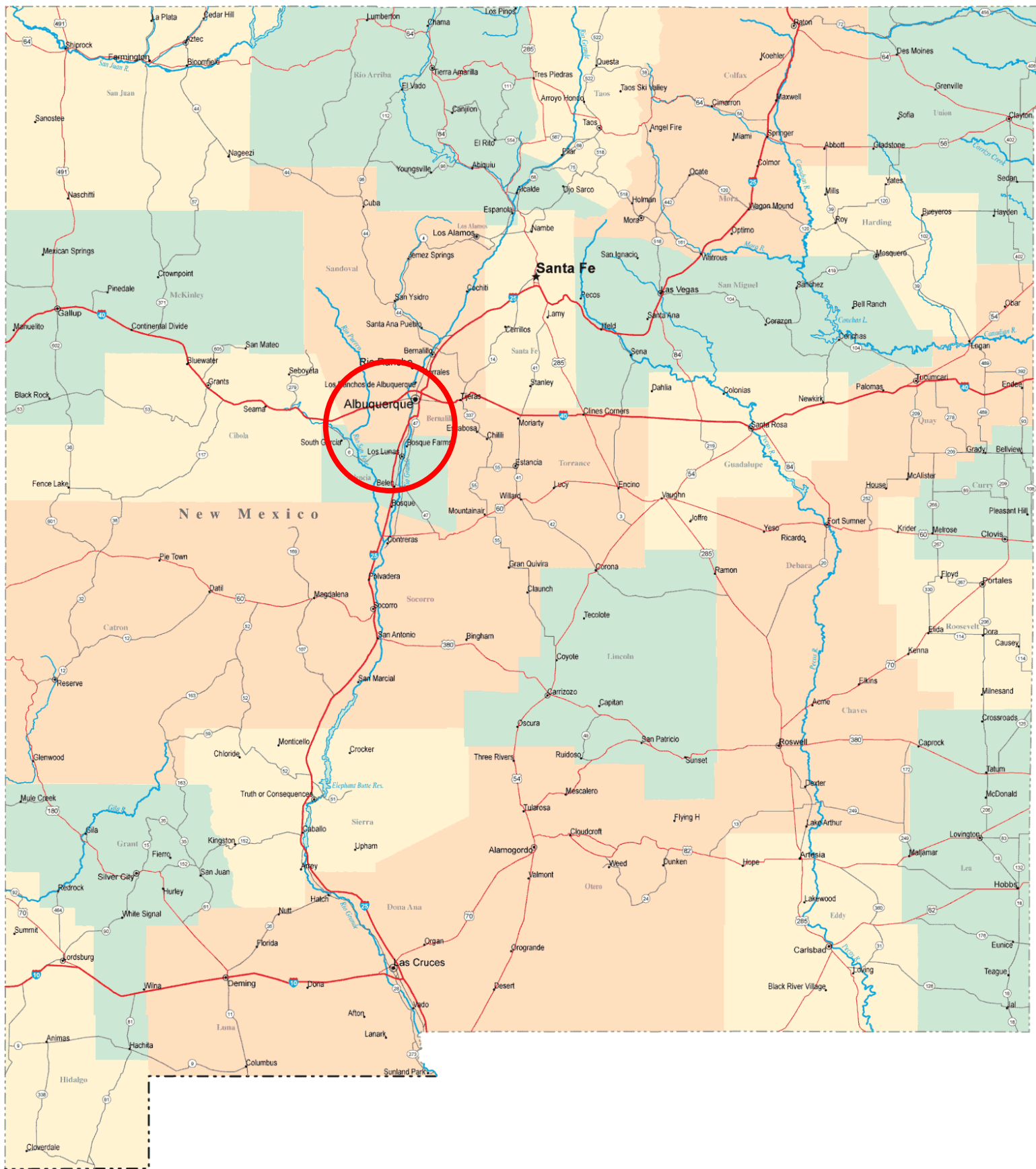
The Financial Accounting Standards Board issued Accounting Standards Update (ASU) - Presentation of Financial Statements for Not-for-Profit Entities. The main provisions of the ASU require a not-for-profit entity to present two asset classes (with and without donor restrictions), requires a classified balance sheet, requires additional qualitative and quantitative information regarding how the entity manages its liquid resources including the restrictions that affect the use of those resources, requires disclosure of expenses by both their natural classification and their functional classification, methods used to allocate costs among program and supporting functions, as well as other various additional disclosure requirements. The ASU is effective for Adelante year end June 30, 2019. Management has evaluated the impact of the statement and has determined that the accounting information systems are sufficient to implement the effects of this ASU.

Adelante Transportation Budget

Expense Category	FY2019	Current Year (FY20)	Application Year (FY21)
Drivers Salaries/Fringe Benefits	\$ 1,264,053	\$ 1,289,334	\$ 1,315,121
Support Staff/Fringe Benefits	\$ 316,013	\$ 322,333	\$ 328,780
Fuel, Lubricants, Tires	\$ 176,932	\$ 180,471	\$ 184,080
Maintenance	\$ 174,314	\$ 177,800	\$ 181,356
Insurance	\$ 260,978	\$ 266,198	\$ 271,522
Other: Depreciation, Registration, Fees	\$ 235,375	\$ 240,083	\$ 244,884
TOTAL TRANSPORTATION	\$ 2,427,665	\$ 2,476,218	\$ 2,525,743

Funding Sources - Total Agency	FY2019	Current Year (FY20)	Application Year (FY21)
Contract	\$ 12,698,177	\$ 12,952,141	\$ 13,211,183
Med Waiver	\$ 8,953,371	\$ 9,132,439	\$ 9,315,087
Sales	\$ 5,273,077	\$ 5,378,539	\$ 5,486,109
Donations and Grants	\$ 701,225	\$ 715,250	\$ 729,554
Department of Health	\$ 907,412	\$ 925,560	\$ 944,072
Other Client Based Revenue	\$ 641,111	\$ 653,933	\$ 667,012
Rental	\$ 518,936	\$ 529,315	\$ 539,901
Miscellaneous	\$ 236,313	\$ 241,039	\$ 245,860
NM DVR	\$ 103,801	\$ 105,877	\$ 107,995
Gains	\$ 138,689	\$ 141,463	\$ 144,292
Interest	\$ 339	\$ 346	\$ 353
TOTAL AGENCY REVENUE	\$ 30,172,451	\$ 30,775,900.46	\$ 31,391,418.47

Map of Service Area



Line #	Category	2019	2020*	2021 Projected
1	Annual Ridership	29,978	53,496	55,100
2	Annual Mileage	207,299	184,853	190,399
3	Annual Vehicle Hours	5,182	4,621	4,760

Program Coordination

In addition to issuing a public notice in the Albuquerque Journal, letters were sent to the following organizations:

- Share Your Care
- ARCA
- Cornucopia
- Mandy's Special Farm
- Triple D Medical Transportation
- Albuquerque Yellow Checker Cab Company

A copy of the letter is attached below. No responses were received.



Nick Pavlakos
Share Your Care
P.O. Box 35101
Albuquerque, NM 87176

July 26, 2019

Re: #5310 Program - Public Transportation

Adelante Development Center, Inc. intends to apply for financial assistance under the Federal Transit Act #5310 Program administered by the Rail and Transit Division of the New Mexico Department of Transportation. If awarded, this grant will allow us to continue to provide transportation services within Bernalillo and Valencia Counties, New Mexico. We will be offering the following transportation services to and from desired locations to adults with disabilities:

- Work
- Volunteer activities
- Community services
- Shopping
- Medical appointments
- Other related transportation needs

These services will be delivered on both demand response and scheduled routes. Federal law and State administrative procedures require that all other transportation providers serving in the area be given a fair and timely opportunity to participate to the maximum extent feasible in the planning and provision of the proposed transportation services. For this reason, we invite your comments on this service until August 9, 2019. If you wish to comment, please contact us in writing by that time. If you indicate a desire to participate in the project, we will explore the opportunity of working together with you on the proposed project.

Sincerely,

Amy Lavender
Senior Development Manager

**NOTICE OF INTENT TO
APPLY FOR PUBLIC
TRANSPORTATION FUNDS**

Be it known that Adelante Development Center, Inc. 3900 Osuna Rd. NE, Albuquerque, NM 87109, intends to apply for financial assistance under the Federal Transit Administration's 5310 Transit Programs Bureau of the New Mexico State Highway and Transportation Department. If awarded, this grant will fund the purchase of passenger vans with lifts which will in turn allow the agency to operate transportation services for adults with disabilities to go to and from work, access community services, go shopping and attend medical appointments, as well as accommodate related transportation needs. These transportation services will be offered to adult citizens with disabilities and seniors in Bernalillo and Valencia Counties, and services will be delivered on both demand-response and fixed-route schedules.

Federal law and state administrative procedures require that all other transportation providers servicing the area be given a fair and timely opportunity to participate to the maximum extent feasible in the planning and provision of the proposed transportation services. Comments on the proposed service will be received until August 9, 2019. Comments should be directed in writing to: Adelante Development Center, Inc., Attn: Amy Lavender, Senior Development Manager, 3900 Osuna Rd. NE, Albuquerque, NM 87109. If you would like to request a public hearing on this matter, please contact Ms. Lavender at the address shown above prior to the end of the August 9th comment period.

Journal: August 2, 2019

AFFIDAVIT OF PUBLICATION

STATE OF NEW MEXICO

County of Bernalillo SS

Elise Rodriguez, the undersigned, on oath states that she is an authorized Representative of the Albuquerque Journal and that this newspaper is duly qualified to publish legal notices or advertisements within the meaning of Section 3, Chapter 167, Session Laws of 1937, and that payment therefore has been made of assessed as court cost; that the notice, copy of which hereto attached, was published in said paper in the regular daily edition, for 1 time(s) on the following date(s):

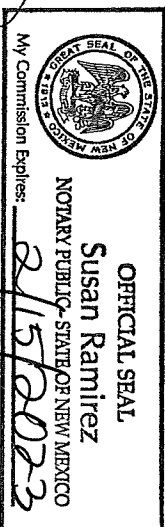
08/02/2019

Sworn and subscribed before me, a Notary Public, in and for the County of Bernalillo and State of New Mexico this
2 day of August of 2019

PRICE \$76.81

Statement to come at the end of month.

ACCOUNT NUMBER 1009651





DEVELOPMENT CENTER, Inc.

a community resource

**BOARD OF DIRECTORS CERTIFICATE OF RESOLUTION
CONCERNING THE PURSUIT OF FUNDING THROUGH THE NEW
MEXICO DEPARTMENT OF TRANSPORTATION**

WHEREAS, in accordance with Article XII, Section 5 of the By-laws, the Board of Directors may, acting within their discretion and upon their motion, authorize any officer or officers, agent or agents of the corporation, in addition to the officers so authorized by these By-laws, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the corporation; and

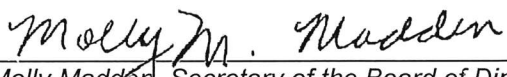
WHEREAS, The New Mexico Department of Transportation FTA funding through the 5310 Program is now available for application,

NOW, THEREFORE, BE IT RESOLVED THAT:

Adelante Development Center, Inc. shall be authorized to apply for funding through the FY21 5310 program in the amount of \$296,269.82 for the purchase of six vans that will provide client transportation and vehicle security equipment with the local share amounting to \$59,253.96.

The undersigned, Molly Madden, Secretary of the Board of Directors hereby certifies that the Board of Directors duly adopted the foregoing resolutions on the 22th day of August 2019.

CORPORATE SEAL

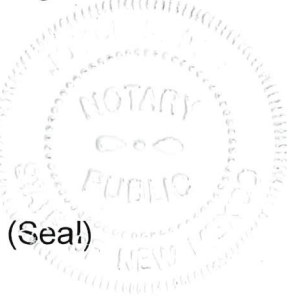

Molly Madden, Secretary of the Board of Directors


August 22, 2019
Date

NOTARIAL SEAL:

State of New Mexico
County of Bernalillo

Signed or attested before me on August 22, 2019 by Molly Madden.




Joyce Dec

Adelante is a nonprofit organization that supports people with disabilities, seniors, and disadvantaged populations by providing employment, residential and day services, and other community resources.

3900 Osuna Rd NE, Albuquerque, NM 87109 | 505.341.2000 | info@GoAdelante.org | www.GoAdelante.org



Small Community • Big Possibilities



ADMINISTRATION DEPARTMENT

August 19, 2019

Amy Lavender
Senior Development Manager
Adelante Development Center, Inc.
3900 Osuna Rd NE
Albuquerque, NM 87109-4459

Re: Letter of Support

Dear Ms. Lavender:

On behalf of the Mayor and Village Council of the Village of Los Lunas, I am pleased to provide this letter of support for Adelante Development Center, Inc.'s efforts to apply for financial assistance under the Federal Transit Act #5310 Program administered by the Transit and Rail Division of the New Mexico Department of Transportation to request funding to purchase passenger vans with wheelchair lifts. The Village of Los Lunas understands the importance of providing vital transportation services for seniors and individuals with disabilities within Bernalillo and Valencia Counties, and appreciates Adelante's efforts to deliver much-needed services to these vulnerable populations, including:

- Transportation to and from work
- Volunteer activities
- Community services
- Shopping
- Medical appointments
- Other related transportation needs

If I can be of further assistance, please do not hesitate to contact me at (505) 839-3840.

Sincerely,

Gregory D. Martin
Village Administrator

CHARLES GRIEGO
MAYOR

GINO ROMERO
COUNCILMAN

PHILLIP JARAMILLO
COUNCILMAN

CRUZ MUÑOZ
COUNCILMAN

CHRISTOPHER S. ORTIZ
COUNCILMAN

GREGORY D. MARTIN
VILLAGE ADMINISTRATOR

X. Program Justification

1. Mission, Description & History

Adelante Development Center, Inc. is a local nonprofit 501(c)3 human service agency with locations throughout New Mexico. The agency was founded in 1978, a time when ideas such as independence, rights, choice and respect were emerging. **Adelante's mission** is to support people with disabilities, people with disadvantages, and seniors by providing employment, residential and day services and community resources. The word 'Adelante' means 'forward' in Spanish and describes our approach to supporting people with disabilities.

The agency currently offers residential support, therapy services, employment opportunities, and a variety of individualized services for people with moderate to severe developmental and physical disabilities. **Today, as one of the largest nonprofits in New Mexico, Adelante supports almost 750 individuals with disabilities in addition to about 64,000 people served through programs including Senior Meal Services, Desert Harvest, The Storehouse, and Benefit Connection Center.** The agency also employs over 800 people, about 350 of whom are people with disabilities working in Adelante's social business enterprises.

Adelante continually strives to provide the highest quality programs for people with disabilities. Over the past 40 years, we have won numerous quality awards and accreditations. **In 2003, Adelante was one of the first nonprofit agencies in the nation to receive an ISO 9001:2000 quality certification.** The agency also works to provide a wide variety of programs to meet the individual goals of the people we support. It is essential that we continue to help people with disabilities have greater access to the community, offering individuals the opportunity to live, work, learn, volunteer, and socialize in the community. As such, transportation is a crucial component in every aspect of providing these opportunities and their overall independence.

2. Need and Justification

Funds from the 5310 Program are crucial to providing transportation to clients served by Adelante in Bernalillo and Valencia counties. Adelante Development Center, Inc. is requesting an FTA share of \$296,269 to purchase **four minivans, two transit van, and 6 dash cameras to be placed inside 5310 vehicles for safety compliance.** The justification of need for additional vehicles and cameras is outlined below:

Final Rule – In 2014, CMS issued a “Final Rule” with the intention of making services for individuals with disabilities more community-based. As a result, organizations like Adelante are being required to move services from centralized locations to community-based outings, with vehicles being the main “home-base” for these programs. This ruling will drastically change the way Adelante serves individuals with disabilities. As a result, the use of vehicles will increase significantly as will the number of trips, ridership, and mileage.

Increased Use – Adelante responds to the needs and goals of people with disabilities and to the desire of the New Mexico Department of Health to provide more meaningful days for the people we support. Individuals choose how they will spend the day from a variety of services including employment, life skills, and volunteering.

Adelante continually strives to increase the amount of “community integration” hours and volunteer hours for clients, thus increasing the number of trips and hours for each vehicle. Adelante must provide the transportation and staffing that make these choices available for people with disabilities throughout the community, heavy use of Adelante’s aging, high-mileage passenger vans and busses.

High Mileage and Age - Funds from the 5310 program are crucial to providing transportation to clients we support in Bernalillo and Valencia counties. 41% of vehicles in our fleet are ten years old or older and 39% of the van fleet has 75,000 miles or more. Furthermore, 16% of the fleet has over 100,000 miles.

Maintenance - Van repair and maintenance is tracked through Adelante’s service request system. Annual maintenance costs are compounded by the aging and over-used fleet of vans. Unreliable transportation poses a large problem for the organization, since transportation resources are limited and demand is high. Adelante must juggle working vans between programs to ensure the safety of passengers.

Increased Ridership - Each year, the organization grows to meet the expanding needs of individuals with disabilities in New Mexico. While our needs are increasing, funding and sources of funding have decreased.

Expansion of Services - Many individuals with disabilities need safe, specialized transportation to and from their homes, jobs, weekend and evening activities, day programs, and volunteer activities. In many cases, public transportation cannot safely transport our clients. The vehicles we are requesting will allow us to accommodate the need for specialized transportation, as well as replace vans with higher mileage.

Increased Staff Accountability and Vehicle Security - In order to proactively prevent staff negligence and vehicle theft, dash board cameras are being requested. NMDOT requires that vehicles are secure and are operated by well-trained staff. These cameras will provide an extra layer of accountability to ensure that staff are driving safely, and can identify potential criminal activity.

3. Socioeconomic Characteristics and Need for Specialized Transportation

Adelante’s client population is made up individuals 18 to 65 years of age or older who have developmental and other disabilities. The vast majority have multiple disabilities including Down’s Syndrome, cerebral palsy, autism and seizure disorders. Many clients are medically fragile and require 24-hour care. Additionally, some have physical disabilities like limited motor skills and speech impediments, making active involvement in the community without one-on-one support difficult, if not impossible.

In Bernalillo and Valencia Counties where we provide services, one in ten individuals have a disability. Several of these riders require accommodation for wheelchairs and specialized equipment.

In Bernalillo and Valencia counties, transportation services continue to expand for the general population with mass transit systems such as the Railrunner and city buses readily available, but these systems are not always practical for individuals with disabilities nor do they adequately accommodate people with severe physical and developmental disabilities. In order to effectively and safely transport much of our client population, specialized transportation in the form of vans with modified safety lifts and specially trained drivers are necessary.

4. Summary

Adelante provides crucial transportation services to almost 750 individuals with disabilities in Bernalillo and Valencia counties. Our request for funds through the 5310 program is outlined through the following:

- The need for transportation resources for persons with severe disabilities is documented and continues to increase.
- Adelante's ability to effectively manage and coordinate the 5310 program and numerous Federal grants has been demonstrated.
- Program staff is knowledgeable, experienced, and familiar with the requirements of the 5310 program.
- Adelante is dedicated to providing clients with the highest level of safety and quality services as well as a wide variety of choices, each of which are dependent upon transportation resources.

Despite Adelante's large operating budget, there is little or no funding for capital purchases, including buildings, renovations, or vehicles. As a result, these projects a purchases are often put off until something breaks down or is completely necessary for safety.

Adults with severe disabilities cannot operate vehicles or navigate conventional public transportation, however, they still need to access places such as work, home, doctor appointments, and day programs among others. Additionally, many individuals with severe disabilities require experienced and knowledgeable staff who can quickly accommodate and respond to medical needs such as seizures, anxiety attacks, and various other disabling conditions, excluding them from use of conventional public transportation systems even if they are ADA compliant. People with disabilities often require special equipment such as lifts and tie-downs to enable them to travel safely. Adelante has the capacity and experience to successfully manage a specialized transportation system. Adelante is dependent upon this partnership with the New Mexico Department of Transportation through the 5310 program to meet transportation and client needs.

A. Please include any changes or expansions in your program and tie them to your request.

This year Adelante opened up two new residential program homes that each house 3-4 seniors.

Additionally, Adelante is transitioning to meet requirements detailed in the CMS Final Rule. As a result, programs are moving toward a more community-based format which

will require more vehicle usage. Vehicles purchased through the FY20 5310 program will help accommodate the expansion of community-based outings required by CMS.



X. Operations Profile

(Items to be included)

1. Table of Contents
2. Organizational Structure
3. Mission Statement
4. Brief Description of Transit Program
 - (a) Route design
 - (b) Schedule (days and hours of operation)
 - (c) Fare structure (amounts, how set and by whom?)
 - (d) Advertising/marketing
5. Administrative Employees
 - (a) Title and job description
 - (b) Code of Conduct Policy
 - (c) Training Plan/Record Keeping Policy and Procedures
6. Operations Employees: Managers, Drivers, Mechanics and Dispatchers
 - (a) Titles and Job descriptions
 - (b) Hiring procedures (ie) background check, driving record, valid driver's license
 - (c) Training Plan/Record Keeping Policy and Procedures
 - (d) Code of Conduct Policy
 - (e) Drug & Alcohol Policy for Safety Sensitive Employees
(Required for ***all*** 5311 applicants and those 5310 applicants using program vehicles requiring CDL drivers)
7. Vehicle fleet
 - (a) Update in BlackCat - all vehicle inventories must be updated within 3 months of application due date. This includes recalls and accident reporting.
 - (b) Maintenance schedules
 - (c) Inspection procedures
 - (d) Fleet Replacement Plan for FY 21
8. Accident/Incident Reporting Procedures
 - (a) Procedures to include accident reporting and documentation in the corresponding vehicle inventory record in BlackCat
 - (b) Insurance **forms, Accident/incident reporting forms in vehicle**
9. Passenger Conduct Policy

2. *Organizational Structure*

The Vice President of Community Operations oversees transportation at all residences, supported employment programs, social enterprises, and day programs while managing day-to-day transportation services, and monitoring individual client transportation needs. The Chief Administrative Officer oversees fleet maintenance through supervision of the Facilities Department. The Vice President of Development oversees the 5310 grant program. All have strong management backgrounds and extensive knowledge of Bernalillo and Valencia counties, as well as experience in administration of the 5310 program.

3. *Mission Statement*

Adelante's is a nonprofit organization that supports people with disabilities, seniors, and disadvantaged populations by providing employment, residential and day services, and other community resources.

4. *Brief Description of Transit Program*

The goal of the program is to provide transportation to individuals with disabilities who want to be more involved in their communities. Adelante will provide modified-fixed route and demand-responsive services to clients. This may include trips to and/or from home, employment, volunteer activities, community events, grocery shopping, doctor appointments, and day programs.

Additionally, Adelante staff meets with clients regularly to assist in setting goals, evaluating progress, and determining individual needs. The main objectives of the program are to:

- Determine and meet each client's needs associated with attaining their individual goals.
- Determine and provide demand-responsive and fixed-route services based on client needs. The transportation schedule is determined by the originating location of the vehicle, vehicle resources, length of time issued, etc.
- Comply with Section 5310 program requirements in order to meet the transportation needs of our clients and maintain funding.

In order to maintain a high standard of quality and continuous improvement, Adelante utilizes an internal reporting system that allows the agency to recognize an occurrence and to correct it quickly if needed. The occurrences system assigns responsibility to a particular individual who must complete a root cause analysis, define needed actions, ensure action completion, and gather evidence of completed actions. This system also generates reports for management to review and analyze. Additionally, Adelante uses an internally developed management software tool called Blueprint that tracks staff activity across all programs and positions relevant to the accomplishment of goals and tasks associated with projects.

a) *Route Design*

Adelante provides transportation and services for people with disabilities within Bernalillo and Valencia counties. The agency operates residential homes, day programs, and social enterprises that provide opportunities for individuals with disabilities to remain active in the community within these three counties.

Adelante's transportation services in Bernalillo County is provided in the urban environments of Albuquerque while services in Valencia County are provided in more rural areas of Belen, Los Lunas, and the surrounding areas. These areas are centrally located in New Mexico, bordered to the east by the Sandia and Manzano mountain ranges along the banks of the Rio Grande. Together, these counties comprise the state's largest concentrated population.

Through integration of individuals with disabilities into the community, the agency will transport clients to destinations that fulfill their goals for work, help them to lead more independent lives, and give them opportunities to give back to the community through volunteer activities.

Transportation is provided by Adelante to seniors and individuals with disabilities throughout Bernalillo and Valencia counties, and is not restricted to any city or other boundaries within the counties. Maps illustrating Adelante's service area can be found in Section IV (Description of Service Area).

b) *Schedule*

Transportation schedules vary by need and by program. The following is a brief summary of potential schedules by program:

- Day Programs: 8:00 a.m. to 4:00 p.m. Monday - Friday
- Residential Programs: 24 hours, 7 days a week
- Independent Living: 8:00 a.m. to 9:00 p.m., 7 days a week

c) *Fare Structure*

Not Applicable

d) *Advertising/Marketing*

Not Applicable

5. *Administrative Employees*

a) *Title and Job Description*

Adelante's team of managers and staff are dedicated to the organization and its mission. Those directly responsible for administering the 5310 program have years of experience with the organization and the transportation program.

Reina Chavez, VP of Community Operations

Reina is responsible for all day and residential programs. She schedules transportation for clients based on their needs and the resources of the organization. Reina has been with the organization for over 27 years.

Rebecca Sanford, *Chief Administrative Officer*

Rebecca is responsible for overseeing maintenance of agency facilities and vehicle fleet. Rebecca has extensive knowledge of service delivery, finance, and data management. She has 30 years of experience in management and has been with Adelante for over 7 years.

b) Code of Conduct Policy

The employees of Adelante work closely together and rely on each other's work. It is therefore important that each employee conduct him/herself in a manner conducive to benefitting Adelante, our clients, and fellow employees. The policies relating to employee conduct are outlined in the Employee Handbook. Other employee conduct guidelines are contained in this policy.

Employees of Adelante are expected to know and follow the policies outlined in the Employee Handbook and any department specific guidelines that may exist. Our Mission and Values have existed for several years and generally are those principals expected of employees in any well-regarded, ethical organization. We must all use good judgement, have high ethical standards, and be honest in all of our interactions.

Further, detailed information is available on these specific topics throughout the Employee Handbook. If, after further reading, you have any questions about the applicability of these requirements to a given circumstance, ask your supervisor or Human Resources.

Failure to meet these expectations outlined in the Employee Handbook could lead to disciplinary action, which may include termination of employment.

Please note that nothing in Adelante's employment policy requires the use of progressive discipline prior to termination of employment. Adelante will make all such decisions on a case-by-case basis.

c) Training Plan/Record Keeping Policy and Procedures

Adelante has an internal team of training experts who ensure that all employees are continuously trained and certified in their specialized areas including transportation of individuals with severe disabilities and defensive driving. Records of training are entered in an online database and retained indefinitely.

6. Operations Employees: Managers, Drivers, Mechanics, and Dispatchers

a) Titles and Job Descriptions

Drivers: Any person who drives for the agency has the following requirements included in their job description: Must have reliable transportation, valid NM driver's license, insurable driving record and proof of current liability insurance. Any

person transporting clients must undergo training and recertification through the agency.

b) *Hiring Procedures, Background Checks, Driving Records, Valid Driver's Licenses*

- Hiring Procedures - Driving is performed by client supervisors, assistants and other qualified staff. Driver qualification with Adelante is a one-time process that occurs during the pre-employment screening. The Human Resources department assures that all drivers remain qualified on an on-going basis.
- Background Checks - Motor Vehicle Record Checks are obtained annually and as deemed necessary for all employees who transport clients or drive Adelante vehicles. Driver qualification files are kept to review employee adherence to the Driving Policy. Traffic violations are reported to Adelante's insurance carrier to determine if coverage should be discontinued.
- Driving Record - Drug screening and background checks are performed prior to hiring and drug and alcohol testing is performed in the event of an automobile accident.
- Valid Driver's License - All employed drivers undergo routine verification to ensure that they hold a valid driver's license and clean driving record.

c) *Training Plan/ Record Keeping Policy and Procedures*

Required training is given to all drivers, which includes basic bus/vehicle safety, First Aid, CPR, defensive driving, van tie-down/passenger assistance (wheelchair training), and training for transporting individuals with disabilities. This training is provided through Adelante's Training program within 6 months of hire date.

Driver training records are maintained by the training department. Training records are entered into an online database and retained indefinitely.

d) *Code of Conduct Policy*

"The employees of Adelante work closely together and rely on each other's work. It is therefore important that each employee conduct him/herself in a manner conducive to benefiting Adelante, our clients, and fellow employees. The policies relating to employee conduct are outlined in the Employee Handbook. Other employee conduct guidelines are contained in this policy.

Employees of Adelante are expected to know and follow the policies outlined in the Employee Handbook and any department specific guidelines that may exist. Our Mission and Values have existed for several years and generally are those principals expected of employees in any well-regarded, ethical organization. We must all use good judgment, have high ethical standards, and be honest in all of our interactions.

Failure to meet these expectations outlined in the Employee Handbook could lead to disciplinary action, which may include termination of employment."

e) *Drug and Alcohol Policy for Safety Sensitive Employees*

Section 4.2 Drug Free Workplace and Substance Abuse – Adelante Employee Handbook:

“Adelante has a policy of maintaining a workplace that is free of alcohol and illegal drugs. The use of prescriptions is permitted on the job only if it does not impair the employee’s ability to perform the essential functions of the job, effectively, and in a safe manner that does not endanger other individual

Possessing, using, consuming, purchasing, distributing, manufacturing, dispensing, selling, or being under the influence of illegal drugs, prescribed medication that renders an employee unable to perform the essential functions of the job and/or alcohol, at any time while on Adelante’s premises and at any time while the employee is working and/or representing Adelante, will result in disciplinary action up to and including immediate termination.”

7. Vehicle Fleet

a) Updated Inventories

Please see Blackcat inventory list.

b) Maintenance Schedules

The Adelante Facilities Department, employs staff that support Bernalillo, and Valencia counties through oversight of vehicle maintenance. Adelante utilizes an online system that tracks all maintenance, including scheduled maintenance, invoices, mileage, etc. Oil changes and other routine maintenance is outsourced to local vendors and scheduled at regular intervals according to manufacturer recommendations or previous maintenance history. Major inspections are performed on a quarterly basis and are outsourced to qualified local mechanics. Adelante’s excellent vehicle safety record is testimony to the agency’s driver training and vehicle maintenance programs.

c) Inspection Procedures

Before starting vehicles, drivers use the Daily Vehicle Inspection Form to record information and to determine if any problems exist. Statistics are tracked on all vehicles with regard to passenger trips, trip purpose (employment, medical, volunteer work, social/recreational, etc.), mileage, and maintenance. Any problems with vehicles are reported immediately to the Facilities Department and promptly corrected.

d) Fleet Replacement Plan for FY21

Vehicle replacement is determined by previous maintenance history and overall condition and safety of each vehicle. For FY21, six vans are scheduled to be replaced due to high mileage and age.

8. Accident/Incident Reporting Procedures

- a) *Procedures to include accident reporting and documentation in the corresponding vehicle inventory record in Blackcat.*

When an accident occurs, documentation is uploaded into Blackcat.

- b) *Insurance forms, Accident/Incident forms in vehicle*

All vehicles have current insurance and registration forms, which are located on the driver's sun visor at all times.

All vehicles are equipped with a vehicle accident reporting kit that is located on the driver-side sun visor. Additionally, a copy of the Driver's Handbook is located in every vehicle, which indicates step-by-step procedures to follow in the event of an accident.

9. Passenger Policy and Procedure

The majority of Adelante's client passengers have developmental disabilities or physical disabilities or both in many instances, therefore, passenger policies and procedures must be overseen by the driver when appropriate.